

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 956 – HB 845

March 19, 2013

SUMMARY OF ORIGINAL BILL: Authorizes lifetime handgun carry permits for retired members of the United States military with 20 or more years of service or disabled veterans with a permanent and total disability. Requires certain documentation to receive a lifetime permit. Requires lifetime permits to contain the word “indefinite” in lieu of an expiration date. Requires an application processing fee of \$200.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$850,000/FY13-14
Exceeds \$255,000/FY14-15 thru FY16-17

Decrease State Revenue – Exceeds \$500,000/FY17-18
Exceeds \$150,000/FY18-19 thru FY20-21

Increase State Expenditures – Exceeds \$72,100/FY13-14
Exceeds \$21,600/FY14-15 thru FY16-17

Decrease State Expenditures – Exceeds \$30,000/FY17-18
Exceeds \$10,000/FY18-19 and Subsequent Years

Other Fiscal Impact – In addition to the fiscal impact estimated above, there will be a one-time increase in state expenditures of \$39,700 for the Department of Safety to employ a vendor for the purpose of programming and software modifications. Given a required implementation date of July 1, 2013, these one-time costs are likely to occur in FY12-13.

SUMMARY OF AMENDMENTS (003681, 004247): Amendment 003681 adds language to the original bill prohibiting former members of the military who have been dishonorably discharged from qualifying for the lifetime permit. Requires the Department of Safety to conduct the same criminal history check on an indefinite permit holder every four years as conducted on regular permit holders. Amendment 004247 establishes an effective date of January 1, 2014.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue – Exceeds \$382,500/FY13-14
Exceeds \$488,800/FY14-15
Exceeds \$212,500/Each Year FY15-16 and FY16-17

Decrease State Revenue – Net Impact – \$118,800/FY17-18
Exceeds \$287,500/FY18-19
Exceeds \$125,000/Each Year FY19-20 and FY20-21
Exceeds \$62,500/FY21-22

Increase State Expenditures – Exceeds \$68,700/FY13-14
Exceeds \$38,000/FY14-15
Exceeds \$18,000/Each Year FY15-16 and FY16-17

Decrease State Expenditures – Net Impact – Exceeds \$18,000/FY17-18
Exceeds \$8,000/FY18-19 and Subsequent Years

Assumptions for the bill as amended:

- According to the U.S. Department of Veteran's Affairs, in 2011, there were 533,803 veterans residing in the state. According to the U.S. Census Bureau, there were 51,778 retired veterans in Tennessee in 2010. The precise number of disabled veterans in Tennessee with a permanent total disability is unknown.
- Based on information provided by the Department of Safety (DOS) and information from the U.S. Census Bureau, a minimum of 9,000 veterans will obtain lifetime handgun carry permits within the first year of implementation.
- The current fee for a four-year handgun carry permit is \$115; the renewal fee is \$50.
- An increase in each permit fee of \$85.
- A one-time increase in state revenue estimated to exceed \$765,000 (\$85 x 9,000).
- Due to the effective date for the bill as amended, which is January 1, 2014, fifty percent of this revenue will be received in FY13-14; the other 50 percent will be received in FY14-15. Therefore, an increase in state revenue exceeding \$382,500 in FY13-14, and an increase in state revenue exceeding \$382,500 in FY14-15.
- An additional 1,250 lifetime permits issued in the second half of FY14-15 (January 2015 through June 2015).
- An increase in state revenue of \$106,250 (\$85 x 1,250) in FY14-15.
- The total increase in state revenue for FY14-15 will be \$488,750 (\$382,500 + \$106,250).
- At least 2,500 lifetime permit applicants annually for the subsequent two years.
- An increase in state revenue estimated to exceed \$212,500 (\$85 x 2,500) in each year FY15-16 and FY16-17.
- An additional 1,250 lifetime permits issued in the first half of FY17-18 (July 2017 through December 2017).
- An increase in state revenue of \$106,250 (\$85 x 1,250) in FY17-18.

- In FY17-18 there will be a one-time decrease in state revenue resulting from applicants who received a lifetime permit in FY13-14 who would have otherwise renewed their permit for a fee of \$50.
- A one-time decrease in state revenue exceeding \$225,000 ($\$50 \times 9,000 \times 50\%$) in FY17-18.
- The net decrease in state revenue for FY17-18 will be \$118,750 ($\$225,000 - \$106,250$).
- A one-time decrease in state revenue exceeding \$225,000 ($\$50 \times 9,000 \times 50\%$) in FY18-19. An additional decrease of \$62,500 ($\$50 \times 1,250$) in FY18-19.
- The total decrease in state revenue for FY18-19 will be \$287,500 ($\$225,000 + \$62,500$).
- In each year, FY19-20 and FY20-21, the net impact will be a decrease in state revenue exceeding \$125,000 (2,500 applicants \times \$50 renewal fee).
- A one-time decrease in state revenue exceeding \$62,500 ($\$50 \times 1,250 \times 50\%$) in FY21-22.
- The precise fiscal impact to state revenue beyond FY21-22 cannot be reasonably determined due to multiple unknown factors.
- DOS will require one-time computer programming changes by an outside vendor resulting in a one-time increase in state expenditures of \$39,700 prior to implementing the new lifetime permit in FY13-14.
- Additional printing and postage costs will be required in the first full year. The average printing and postage cost per permit will be \$2.64.
- An increase in state expenditures in FY13-14 exceeding \$11,880 ($9,000 \times \$2.64 \times 50\%$).
- An increase in state expenditures in FY14-15 exceeding \$11,880 ($9,000 \times \$2.64 \times 50\%$).
- Temporary workers will be required in the first year to handle the increased workload. Based on information provided by DOS, a minimum of 1,500 temporary worker-hours will be needed in FY13-14 and 1,500 in FY14-15.
- Temporary workers are paid an average of \$11.42 per hour.
- An increase in state expenditures exceeding \$17,130 ($\$11.42 \times 1,500$ hours) in FY13-14 and in FY14-15.
- A total increase in state expenditures in FY13-14 exceeding \$68,710 ($\$11,880 + \$17,130 + \$39,700$).
- An additional 500 temporary worker-hours will be needed in FY14-15 in the second half of the year and \$3,300 in printing and postage. An increase in state expenditures of \$9,010 [$(\$11.42 \times 500) + \$3,300$].
- A total increase in state expenditures of \$38,020 ($\$9,010 + \$11,880 + \$17,130$) in FY14-15.
- A minimum of 1,000 temporary worker-hours will be needed in each year, FY15-16 and FY16-17; an increase in state expenditures in each of the two years exceeding \$11,420 ($\$11.42 \times 1,000$ hours)
- An increase in state expenditures for additional printing and postage of \$6,600 ($2,500 \times \2.64) in FY15-16 and FY16-17.
- A total increase in state expenditures in each year, FY15-16 and FY16-17, estimated to exceed \$18,020 ($\$11,420 + \$6,600$).
- An additional 500 temporary worker-hours will be needed in FY17-18 in the first half of the year and \$3,300 in printing and postage. An increase in state expenditures of \$9,010 [$(\$11.42 \times 500) + \$3,300$].

- State expenditures associated with permit renewals will decrease beginning in FY17-18. The precise decrease in state expenditures associated with renewals cannot be determined, but is reasonably estimated to exceed \$27,000 in FY17-18 and \$8,000 in subsequent years.
- The net impact in FY17-18 will be a decrease in state expenditures exceeding \$17,990 (\$27,000 - \$9,010).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

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